

**STATEMENT BY RON JACOBSEN
ON BEHALF OF THE MINNESOTA SOYBEAN GROWERS ASSOCIATION
U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON AGRICULTURE
SUBCOMMITTEE ON DEPARTMENT OPERATIONS, OVERSIGHT,
NUTRITION AND FORESTRY
MARCH 15, 2004**

I wish to welcome and thank Congressman Gutknecht and members of the subcommittee for visiting our region and for the opportunity to present this testimony.

My name is Ron Jacobsen and I farm near Wells, Minn. I am the President of the Minnesota Soybean Growers Association.

I appreciate the opportunity to talk about our nation's need for renewable energy and the role agriculture can play.

I am especially pleased that you are here during National Ag Week AND on the second anniversary of the day Minnesota's biodiesel legislation was passed into law.

My testimony will focus on biodiesel - an alternative to petroleum-based diesel fuel that can be made from soybean oil, animal fats or other vegetable oils.

As you well know, the United States is extremely dependent upon foreign petroleum oil as an energy source. That dependency puts the U.S. at risk and at the mercy of OPEC's production and supply whims. Current gasoline and diesel fuel prices are a perfect example.

Why not source renewable fuels, like biodiesel, right out of Minnesota's own vast oil fields - its soybean fields.

Biodiesel is a clean fuel that significantly reduces almost all regulated pollutants, including carbon monoxide and particulate matter, and the compounds in diesel exhaust that have the potential to cause cancer and lung disease.

Beyond the human health benefit, biodiesel improves the environment by reducing noxious emissions, increases domestic security by reducing our nation's dependence on imported oil and provides economic development opportunities in greater Minnesota.

I am proud to say that Minnesota is the first state in the nation to enact legislation requiring the state's petroleum diesel fuel to contain 2% biodiesel.

A key component in Minnesota's biodiesel legislation was a requirement that the Commissioner of Agriculture certify that a plant in Minnesota has an annual capacity of 8 million gallons of biodiesel.

On Friday of this week in Brewster, Minnesota, Minnesota Soybean Processors will be breaking ground on Minnesota's first biodiesel plant.

We are also aware of two more plants that are "in the process" as we speak.

Currently biodiesel is sourced from out of state, but that hasn't hindered Minnesotans from using biodiesel.

Minnesota already has the distinction of being the state with the most on-farm use. (50% of Minnesota's producers use biodiesel on their farms.

In addition, several fleets, including the City of Brooklyn Park, the City of Minneapolis, Hennepin County, Voyageur's National Park, Eureka Recycling and AMS trucking, as well as school districts and many others are already enthusiastically using biodiesel because it is a superior, cleaner fuel.

Once biodiesel production facilities are built here in Minnesota, biodiesel fuel can be sourced right here at home, made from the oil in the soybeans we grow so abundantly.

Struggling rural communities need economic development opportunities and value-added alternatives for Minnesota grown commodities.

In 2002, the Minnesota Department of Agriculture studied the impact of the "on road" diesel market, which consumes over 631 million gallons of diesel fuel each year.

A two-percent biodiesel blend, for the on-road demand alone, will generate a direct economic impact of over \$212 million dollars annually and create over 1,120 jobs, predominately in greater Minnesota.

The study also found that there would be a positive impact to the soybean processing industry of over \$78 million, and a positive \$56 million dollar impact on Minnesota's soybean farmers.

Additionally, a U.S. Department of Energy study identified that when all of the other markets that would be using a 2% blend are taken into consideration, the total consumption of biodiesel blend totals 831 million gallons.

Thus the positive economic impact figures quoted earlier, will increase significantly.

The positive economics on the economy are only part of the picture.

The benefit to Minnesota's environment was also be significant.

Burning just 2% biodiesel in 830+ million gallons of diesel fuel will curtail harmful tailpipe emissions. Annually, it will:

- Reduce poisonous carbon monoxide emissions by more than 800 thousand pounds.
- Reduce ozone forming hydrocarbon emissions by almost 91 thousand pounds.
- Reduce hazardous diesel particulate emissions by almost 70 thousand pounds.
- Reduce acid-rain causing sulfur dioxide emissions by more than 70 thousand pounds.

Biodiesel is unique in that it has a positive energy balance - - - for every one unit of energy used to produce biodiesel, 3.2 units of energy are created.

This positive energy balance reduces Life Cycle Carbon Dioxide emissions by more than 250 million pounds annually.

Biodiesel also extends the fossil fuel supply almost four-fold for every gallon of diesel replaced by biodiesel.

But the environmental benefits don't end there.

As you may recall, the Bush Administration approved a recommendation from the Environmental Protection Agency to reduce sulfur in diesel fuel from its current level of 500 parts per million, to 15 parts per million by 2007. That's a 95% reduction.

Removing that amount of sulfur will significantly reduce lubricity.

The beauty of biodiesel is that it will not only replace lost lubricity, but also improve engine performance and extend engine life.

Biodiesel is ag-based, renewable and clean burning. It has advantages to the economy, the environment and to the nation's energy independence.

Minnesota's legislation passed because of the groundswell of support of farmers, other commodity groups, ag organizations, the Lung Association, Clean Air Advocates and allied industries.

It was truly a David vs Goliath effort, but we made it happen with hard work, persistence, science-based facts, and the much-appreciated bipartisan support of the House and Senate.

If this nation is to move away from its dependence on foreign oil then our government must encourage the use of renewable fuels.

We thank Congressman Gutnecht for his support of biodiesel incentives in the Federal Energy Bill and ask for his continued support and influence as this critically important piece of legislation moves through committee and onto the floor of the House.

Minnesota needs biodiesel incentives in the Energy Bill to reinforce and enhance the hard work our state has already done in the promotion of biodiesel and the use of renewable fuels.

I'd like to leave you with this thought:

It takes Mother Nature 250 million years to renew her fossil fuels. It takes Minnesota soybean farmers just seven months.

Again, thank you for the opportunity to address the Subcommittee.